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USDOC FOR 532/OEA/M. NICKSON-D/KGAINES/JAY HATFIELD
USDOC FOR 3131/USFCS/OIO/ANESA/KREISSL
USDOC FOR 4530/MAC/ANESA/OSA
ICE HQ FOR STRATEGIC INVESTIGATIONS
STATE FOR EB/ESP

E.O. 12958: N/A

TAGS: [ETTC](#) [ETRD](#) [BEXP](#) [IN](#)

SUBJECT: EXTRANCHECK: POST-SHIPMENT VERIFICATION: SHOGHI
COMMUNICATION LTD., NEW DELHI

REF: USDOC 05829

¶1. Unauthorized disclosure of the information provided below is prohibited by Section 12(c) of the Export Administration Act.

¶2. Export Control Officer (ECO) Paul Cushman and BIS FSN Prem Narayan conducted a Post-shipment Verification (PSV) at Shoghi Communication Ltd. (SCL), New Delhi, on July 26, 2007.

¶3. BIS requested a PSV at SCL, a private sector company. SCL's marketing office is located at: 707, Ansal Bhavan, 16 Kasturba Gandhi Marg, New Delhi 110001, Tel: 91-11-2335-1302, Fax: 91-11-2335-1303, email: shoghi@nde.vsnl.net.in. Website: www.shoghi.co.in. SCL was listed as the Ultimate Consignee for 10 KA band power amplifiers, Model KMA296302AXX. The exporter was Specsenergy Technologies Inc. (STI), San Jose, CA. Export License Number: No License Required (NLR), EAR99.

¶4. ECO and FSN Narayan met with Anant Bindal (Bindal), Director of Marketing, SCL. Reftel requested BIS New Delhi conduct the PSV at SCL's manufacturing facility in Shimla, Himachal Pradesh. However, in response to ECO's letter requesting the PSV at SCL Shimla, Bindal responded and stated that the amplifiers were no longer in SCL's possession. In fact, the amplifiers had been sold to Defence Electronics Applications Laboratory (DEAL). DEAL is a Defence Research Development Organization (DRDO) laboratory within the Ministry of Defence, GOI. Therefore, the PSV was conducted at SCL's marketing office in New Delhi. DEAL is one of 51 laboratories/research establishments operated by DRDO. DEAL's focus is on basic research & development in the area of communication systems, image processing, and satellite communications.

¶5. Bindal stated that they regularly deal with U.S. State Department export licenses and that he was aware of certain BIS regulations. Bindal stated this was the first visit to SCL by any USG officials. He was very cooperative and forthcoming, providing copies of the SCL Purchase Order, STI Proforma Invoice, SCL End-Use Certificate reflecting DEAL as the end-user, BIS RWA (Returned Without Action) Notice of August 3, 2005 for export license application Z987349 (REF: SWTI0509) also showing DEAL as the end-user. The BIS RWA Notice authorized STI to export the amplifiers under the provisions of "NLR" to DEAL.

¶6. ECO informed Bindal that in order to complete the PSV, BIS would require certain documentation to establish that the amplifiers were sold to DEAL. Bindal explained that the requested documents were maintained at SCL's Shimla facility. Subsequently, after receiving the necessary permissions from DEAL, Bindal forwarded to BIS a set of documents containing copies of the DEAL Purchase Order, the SCL Tax Invoice reflecting DEAL as "Sold to" party, the DEAL Customs

Duty Exemption Certificate authorizing SCL to import the amplifiers duty-free.

¶7. Bindal stated that because the amplifiers were not licensed commodities, SCL did not request an end-use statement from DEAL. Bindal described the application of the amplifiers as generation of high intensity e-field required to measure electromagnetic interference (EMI) and electromagnetic compatibility (EMC) performance of electronics system in the laboratory.

¶8. Bindal explained that SCL supplies encryption products and technology to GOI agencies, primarily military and paramilitary forces. These products are often customized with the integration of imported components. Bindal stated that since they supply products to defense agencies, SCL is monitored and regularly audited by the Indian Department of Defence Research and Development (DDRDR). DDRDR and the Director General of Foreign Trade (DGFT) clear all of SCL's export orders. Bindal asserted that SCL exercises proper due diligence and complies with all required procedures in order to ensure compliance with Indian export control laws. He stated that SCL is not allowed to export to countries such as North Korea, Cuba, Sudan, and Iran.

¶9. Established in 1996, SCL is an engineering and systems integration company. SCL delivers solutions in the fields of strategic electronics, encryption technologies (including code-breaking technology), analysis and surveillance. SCL's product range includes communication security, communication jamming, communication intelligence, signals intelligence, systems engineering, research & development, and software development. Of their total production, 70 percent is supplied to GOI agencies. The remaining 30 percent is exported to foreign governments with DDRDR and DGFT oversight. Foreign customers include Malaysia, Philippines, Indonesia, South Africa, and a few European and Latin American countries. SCL regularly imports products from the United

States and a few European countries. SCL employs 280 personnel, all of whom benefit from a profit-sharing plan. SCL is privately owned and its original founders remain in control of the company. In FY 2006, SCL's sales turnover exceeded 50 million USD.

¶10. Recommendation: Based on the interview and inspection of documents provided, SCL business operations appear to be legitimate. However, because a physical inspection of the listed items could not be accomplished, the PSV for this transaction remains inconclusive.

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